# INDEPENDENT AUDITOR'S REPORT

**To the Members of FSN International Limited (Formerly known as FSN International Private Limited)**

## Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying standalone financial statements of **FSN International Limited** (Formerly known as FSN International Private Limited) ("the Company"), which comprise the Balance Sheet as at March 31, 2025, the Statement of Profit and Loss, including Other Comprehensive loss, the Statement of Cash Flows and the Statement of Changes in Equity, for the year then ended, and notes to the standalone financial statements including a summary of material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations provided to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 as amended ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2025, its loss including other comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *'Auditor's Responsibilities for the Audit of the Financial Statements'* section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

### Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report including Annexures to Board's report but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We did not receive such other information, hence we have nothing to report in this regard.

V C SHAH & CO CHARTERED ACCOUNTANTS

**Responsibilities of Management for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive loss, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including Ind AS specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or

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conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **"Annexure A"** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid standalone financial statements have been kept so far as it appears from our examination of those books except for the matters stated in the paragraph (i)(vi) below on reporting under Rule 11(g).

(c) The Balance Sheet, the Statement of Profit and Loss including the Other Comprehensive loss, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

(e) On the basis of the written representations received from the directors as on March 31, 2025 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2025 from being appointed as a director in terms of Section 164 (2) of the Act.

V. C. SHAH & CO. CHARTERED ACCOUNTANTS

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"**, to this report. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

(g) In our opinion and according to the information given to us, the company has not paid any managerial remuneration to its directors for the year ended March 31, 2025, thus the provisions of section 197 read with Schedule V to the Act have been complied with.

(h) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph b above on reporting under Section 143(3)(b) and paragraph (i)(vi) below on reporting under Rule 11(g)

(i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations provided to us:

i. The Company does not have any pending litigations which would impact its financial position in financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. a. The Management has represented that, to the best of its knowledge and belief, other than as disclosed in the Note 39(e) to the standalone financial statements, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or
- provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b. The Management has represented, that, to the best of its knowledge and belief, other than as disclosed in the Note 39(f) to the standalone financial statements, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or
- provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

V. C. SHAH & CO * CHARTERED ACCOUNTANTS *

v. The Company has neither declared nor paid any dividend during the year. So, compliance with respect to section 123 of the Act is not applicable.

vi. Based on our examination which included test checks, the company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility, and the same has operated throughout the year for all relevant transactions recorded in the software except that audit trail feature is not enabled at the database level and master fields as described in Note 42 to the financial statements.

The Company also uses a third-party operated software for processing payroll as mentioned in Note 42 and in the absence of a SOC report from January 01, 2025 to March 31, 2025 and pending further independent verification, we are unable to conclusively comment on the continued operation of the audit trail feature for the full financial year.

Additionally, the audit trail of prior year has been preserved by the Company as per the statutory requirements for record retention to the extent it was enabled and recorded in the respective years.

Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.

V C Shah & Co
Chartered Accountants
Firm Registration No.109818W

V. C. SHAH & CO * CHARTERED ACCOUNTANTS *

Anish N. Shah
SD Partner
Membership No.: 042649
UDIN: 25042649BMGYAQ7068
Place: Mumbai
Date: May 09, 2025

**ANNEXURE A" TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in Report on Other Legal and Regulatory Requirements of our Report of even date)
(i)(a)

(A) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The Company has a regular program of physical verification of its Property, Plant and Equipment by which all the assets are verified in a phased manner over a period of three years. In our opinion, periodicity of physical verification is reasonable having regards to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were physically verified during the year. According to the information and explanations provided to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations provided to us, as the Company does not own any immovable properties. Hence, reporting under clause (i)(c) of paragraph 3 of the Order is not applicable.

(d) The Company has not revalued any of its Property, Plant and Equipment and intangible assets during the year. Hence, reporting under clause (i)(d) of paragraph 3 of the Order is not applicable.

(e) As represented by the Management, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2025 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder. Hence, reporting under clause (i)(e) of paragraph 3 of the Order is not applicable.

(ii) (a) According to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. Discrepancies if any, were less than 10% in aggregate for each class of inventory and have been properly dealt with in the books of accounts.

(b) The company has not been sanctioned working capital limits in excess of rupees five crore in aggregate during the year, from banks or financial institutions on the basis of security of current assets. Hence, reporting under clause (ii)(b) of paragraph 3 of the Order is not applicable.

(iii) (a) According to the information and explanations provided to us, the Company has made investments in subsidiary companies, provided loans to subsidiary companies, the details of loans as required are as under:

(A) The aggregate amount during the year, and balance outstanding at the balance sheet date with respect to such loans to subsidiaries is ₹ 16.34mn and ₹ 84.08mn respectively.

(B) The aggregate amount during the year, and balance outstanding at the balance sheet date with respect to such loans or advances and guarantees or security to other parties, joint ventures and associates is NIL.

(b) According to the information and explanations provided to us, the Company has made investment in Companies and provided loans and advances to companies and terms and conditions of such loans and advances are not prejudicial to the company's interest. During the year the Company has not provided any guarantee or given any security. Hence, reporting on Clause (iii)(b) of paragraph 3 of the order is not applicable.

(c) According to the information and explanations provided to us in case of loans given to subsidiary companies, Repayment of principal and interest is not stipulated. Hence reporting on clause (iii)(c) of paragraph 3 of the Order is not applicable.

(d) According to the information and explanations provided to us repayment of loans is not stipulated, hence no amount is overdue. Hence reporting on clause (iii)(d) of paragraph 3 of the Order is not applicable.

(e) According to the information and explanations provided to us no loan has fallen due nor has been renewed nor extended nor fresh loan is given to settle the overdue hence reporting on clause (iii)(e) of paragraph 3 of the Order is not applicable.

(f) Loans have been provided to subsidiaries without any terms of repayment, further no loan is made to promoters of the company. The details of the loans provided to subsidiaries are as under:

(₹ in million)

| | **Aggregate Amount** | **% of Total Loans granted** |
|---|---|---|
| FSN Global FZE | 7.43mn | 45.47% |
| Nykaa International UK Limited | 8.91mn | 54.53% |

(iv) In our opinion and according to the information and explanations provided to us, the Company has not given any loan to directors. Hence, the requirements under Section 185 of the Act are not applicable. The Company has made investments in a Company and it has complied with the requirements of section 186.

(v) According to the information given to us and based on the audit procedures performed by us, the Company has not accepted any deposit or amounts which are deemed to be deposits, as per the directives issued by Reserve Bank of India and the provisions of the section 73 to 76 or any other relevant provisions of the Act and the rules made thereunder. Hence, reporting under clause (v) of paragraph 3 of the Order is not applicable.

V C SHAH & CO * CHARTERED ACCOUNTANTS *

(vi) We are informed that the Central Government has not prescribed maintenance of cost records under sub-section (l) of Section 148 of the Act in respect of the activities carried on by the Company. Hence, clause (vi) of paragraph 3 of the Order is not applicable.

(vii) According to the information and explanations provided to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, cess, Goods & Services Tax and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, cess, Goods & Services Tax and other material statutory dues in arrears as at March 31, 2025 for a period of more than six months from the date they became payable.

(b) According to the information and explanations provided to us, there are no dues of Income-tax or Sales tax or Service tax or Goods and Services tax or duty of Customs or duty of Excise or Value added tax which have not been deposited by the Company on account of disputes.

(viii) According to the information and explanations provided to us, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Hence, clause (viii) of paragraph 3 of the Order is not applicable.

(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender. Hence, reporting under clause (ix)(a) of paragraph 3 of the Order is not applicable.

(b) The Company has not been declared willful defaulter by any bank or financial institution or any other lender.

(c) According to the information given to us and based on the audit procedures performed by us, there is no term loan outstanding at the year end, hence, the requirement to report on clause (ix)(c) is not applicable to the Company.

(d) According to the information given to us and based on the audit procedures performed by us no funds raised on short term basis have been used for long term purposes by the company.

(e) The company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries. Hence, reporting under clause (ix)(e) of paragraph 3 of the Order is not applicable.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiary companies. Hence, reporting under clause (ix)(f) of paragraph 3 of the Order is not applicable.

V C SHAH & CO
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(x) (a) The Company has not raised any money by way of initial public offer / further public offer /debt instruments. Hence, reporting under clause (x)(a) of paragraph 3 of the Order is not applicable.

(b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence, reporting under clause (x)(b) of paragraph 3 of the Order is not applicable.

(xi) (a) To the best of our knowledge and according to the information and explanations provided to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year. Hence, reporting under clause (xi)(a) of paragraph 3 of the Order is not applicable.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.

(c) Establishment of vigil mechanism is not mandated for the Company as required under section 177 of the Act. As represented to us by the management, there are no whistle-blower complaints received by the Company during the year under the vigil mechanism established by the parent company for the Group.

(xii) The Company is not a Nidhi Company. Hence, reporting under clause (xii) (a), (b) and (c) of paragraph 3 of the Order is not applicable.

(xiii) Transactions with the related parties are in compliance with section 188 of the Act, where applicable, and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable accounting standards. The provisions of section 177 are not applicable to the Company and accordingly, the requirements to report under clause (xiii) of paragraph 3 of the Order in so far as it relates to section 177 of the Act is not applicable to the Company.

(xiv) In our opinion and according to the information and explanation provided to us, internal audit is not applicable to the Company as per section 138 of the Act. Hence, clause (xiv) (a) and (b) of paragraph 3 of the Order is not applicable.

(xv) In our opinion and according to the information and explanations provided to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its Directors and hence provisions of Section 192 of the Act are not applicable.

(xvi) (a) In our opinion and according to the information and explanations provided to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, clause (xvi) (a) to (c) of paragraph 3 of the Order is not applicable.

V. C. SHAH & CO. * CHARTERED ACCOUNTANTS *

(b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and hence reporting under clause (xvi)(d) of paragraph 3 of the Order is not applicable.

(xvii) In our opinion, according to the information and explanation given to us, the Company has incurred cash losses aggregating to ₹ 29.56 Mn during the current financial year and ₹ 12.96 Mn during the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year. Hence, reporting under clause (xviii) of paragraph 3 of the order is not applicable.

(xix) On the basis of the financial ratios disclosed in Note 40, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) Based on the verification of the details provided, the criteria specified under section 135 of the Act are not fulfilled and hence the requirement of spending on Corporate Social Responsibility is not applicable to the Company. Accordingly, reporting under clause 3(xx) (a) and (b) of the Order is not applicable.

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Chartered Accountants
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V C SHAH & CO
CHARTERED ACCOUNTANTS

SD

Anish N. Shah
Partner
Membership No.: 042649
UDIN: 25042649BMGYAQ7068
Place: Mumbai
Date: May 09, 2025

**ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the Members of FSN International Limited (Formerly known as FSN International Private Limited) on the Ind AS financial statements for the year ended March 31, 2025)**

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of sub-section 3 of Section 143 of the Act.**

We have audited the internal financial controls over financial reporting of **FSN International Limited** (Formerly known as FSN International Private Limited) ('the Company') as of March 31, 2025 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2025, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financials Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls and, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our

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audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. We believe that the audit evidence, we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the standalone financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

V C Shah & Co
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Firm Registration No.109818W

V. C. SHAH & CO
CHARTERED ACCOUNTANTS

SD

Anish N. Shah
Partner
Membership No.: 042649
UDIN: 25042649BMGYAQ7068
Place: Mumbai
Date: May 09, 2025

**FSN International Limited (Formerly known as FSN International Private Limited)**
(Amounts in ₹ millions, unless stated otherwise)

**Balance sheet as at March 31, 2025**

| Particulars | Notes | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3 | 2.15 | 2.44 |
| Intangible assets | 4 | 0.04 | 0.10 |
| Intangible assets under development | 5 | 20.98 | - |
| Financial assets | | | |
| Investments | 6 | 319.86 | 153.23 |
| Deferred tax assets (net) | 7 | 21.83 | 16.81 |
| Non current tax assets (net) | | 0.16 | 0.09 |
| **Total non-current assets (A)** | | **365.02** | **172.67** |
| **Current assets** | | | |
| Inventories | 8 | 6.30 | 2.81 |
| Financial assets | | | |
| Trade receivables | 9 | 58.38 | 21.60 |
| Cash and cash equivalents | 10 | 17.81 | 34.81 |
| Loans | 11 | 84.08 | 67.74 |
| Other financial assets | 12 | 0.61 | 0.42 |
| Other current assets | 13 | 64.83 | 23.57 |
| **Total current assets (B)** | | **232.01** | **150.95** |
| **Total Assets (A+B)** | | **597.03** | **323.62** |
| | | | |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Equity share capital | 14 | 450.78 | 250.78 |
| Other equity | 15 | (64.99) | (49.61) |
| **Total equity (A)** | | **385.79** | **201.17** |
| **Liabilities** | | | |
| **Non-current liabilities:** | | | |
| Financial liabilities | | | |
| Borrowings | 16 | - | 16.91 |
| Long-term provisions | 17 | 0.21 | - |
| **Total non-current liabilities (B)** | | **0.21** | **16.91** |
| **Current liabilities:** | | | |
| Financial liabilities | | | |
| Borrowings | 18 | 106.90 | 62.83 |
| Trade payables | 19 | | |
| -Total outstanding dues of micro enterprise and small enterprises | | - | - |
| -Total outstanding dues of creditors other than micro enterprises and small enterprises | | 59.21 | 28.26 |
| Other financial liabilities | 20 | 41.04 | 13.72 |
| Short-term provisions | 21 | 0.30 | 0.10 |
| Other current liabilities | 22 | 3.58 | 0.63 |
| **Total current liabilities (C)** | | **211.03** | **105.54** |
| **Total liabilities (B+C)** | | **211.24** | **122.45** |
| **Total equity and liabilities (A+B+C)** | | **597.03** | **323.62** |
| **The accompanying notes are an integral part of the Financial Statements** | | | |

As per our report of even date
**For V C Shah & Co**
Chartered Accountants
ICAI Firm Registration No: 109818W

**Anish N. Shah**
Partner
Membership No: 042649

V C SHAH & CO CHARTERED ACCOUNTANTS

Place: Mumbai
Date: May 09, 2025

**For and on behalf of Board of Directors of FSN International Limited**

**P Ganesh**
Director
DIN No. 07202923

**Sujeet Jain**
Director
DIN No. 03440936

**Arun Sharma**
Company Secretary
ACS M.No. A39328

**Tanuj Dhingra**
Chief Financial Officer

Place: Mumbai
Date: May 09, 2025

Place: Mumbai
Date: May 09, 2025

FSN INTERNATIONAL LIMITED

**FSN International Limited (Formerly known as FSN International Private Limited)**
(Amounts in ₹ millions, except per share data and unless stated otherwise)

**Statement of Profit and Loss for the year ended March 31, 2025**

| Particulars | Notes | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations | 23 | 75.00 | 57.38 |
| Other income | 24 | 40.26 | 8.36 |
| **Total Income** | | **115.26** | **65.74** |
| **Expenses** | | | |
| Purchase of traded goods | 25 | 21.89 | 18.83 |
| Changes in inventories of stock-in-trade | 26 | (3.49) | 1.11 |
| Employee benefits expense | 27 | 44.61 | 11.04 |
| Finance costs | 28 | 4.77 | 5.05 |
| Depreciation and amortisation expense | 29 | 0.35 | 0.33 |
| Other expenses | 30 | 67.44 | 62.05 |
| **Total expenses** | | **135.57** | **98.41** |
| **Loss before tax** | | **(20.31)** | **(32.67)** |
| **Tax credit:** | | | |
| Deferred tax | 7 | (5.00) | (8.44) |
| **Total tax credit** | | **(5.00)** | **(8.44)** |
| **Loss after tax** | | **(15.31)** | **(24.23)** |
| **Other Comprehensive Income** | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| Remeasurement losses on defined benefit plans | | (0.10) | - |
| Income tax effect on above | | 0.03 | - |
| **Other comprehensive loss for the year, net of tax** | | **(0.07)** | **-** |
| **Total Comprehensive loss for the year** | | **(15.38)** | **(24.23)** |
| **Earnings per share of face value Rs. 10/- each** | | | |
| Basic | 31 | **(0.37)** | **(2.05)** |
| Diluted | 31 | **(0.37)** | **(2.05)** |
| **The accompanying notes are an integral part of the Financial Statements** | | | |

As per our report of even date
**For V C Shah & Co**
Chartered Accountants
ICAI Firm Registration No: 109818W

**Anish N. Shah**
Partner
Membership No: 042649

V C SHAH & CO * CHARTERED ACCOUNTANTS *

Place: Mumbai
Date: May 09, 2025

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Place: Mumbai
Date: May 09, 2025

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Date: May 09, 2025

FSN INTERNATIONAL LIMITED

FSN International Limited (Formerly known as FSN International Private Limited)
(All amounts are in ₹ millions, unless stated otherwise)

**Statement of Cash Flows for the year ended March 31, 2025**

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| **Cash flows from operating activities** | | |
| **Net loss before tax as per Statement of Profit & Loss** | **(20.31)** | **(32.67)** |
| Adjustments to reconcile loss before tax to net cash flows: | | |
| Add: Depreciation of property, plant & equipment | 0.29 | 0.27 |
| Add: Amortisation of intangible assets | 0.06 | 0.06 |
| Add: Interest expense and other finance costs | 4.77 | 5.05 |
| Add: Provision for Gratuity expense | (0.05) | - |
| Add: Provision for Leave compensated expense | (0.17) | (0.10) |
| Add: Expected credit loss | (9.60) | 19.38 |
| Less: Interest income | (5.60) | (3.68) |
| Less: Unrealised Gain on Foreign Exchange Fluctuations (net) | (3.12) | - |
| **Operating loss before working capital changes** | **(33.73)** | **(11.69)** |
| Working capital Adjustments: | | |
| (Increase) in trade receivables | (27.18) | (4.24) |
| (Increase)/Decrease in inventories | (3.49) | 1.11 |
| (Increase) in other current assets | (41.26) | (8.17) |
| (Increase)/Decrease in other financial assets | (0.09) | 9.66 |
| Increase/(Decrease) in trade payables | 34.08 | (0.69) |
| Increase in current financial liabilities | 27.31 | 8.30 |
| Increase/(Decrease) in other current liabilities | 2.95 | (1.00) |
| Increase in provisions | 0.52 | - |
| **Cash used in operations** | **(40.89)** | **(6.52)** |
| Payment of taxes (net of refunds) | (0.07) | 0.04 |
| **Net cash flows used in operating activities (A)** | **(40.96)** | **(6.48)** |
| **Cash flows from investing activities** | | |
| Investments in subsidiaries | (166.63) | (130.87) |
| Purchase of Property, Plant and Equipment and other intangible assets | (20.98) | (0.88) |
| Loans to subsidiaries | (16.34) | (27.39) |
| Interest Received | 5.50 | - |
| **Net cash flows used in investing activities (B)** | **(198.45)** | **(159.14)** |
| **Cash flows from financing activities** | | |
| Proceeds from issue of equity shares | 200.00 | 199.78 |
| Loan taken/(repaid) from Holding Company | 26.60 | (0.30) |
| Interest expenses on intercompany loan | (4.18) | (5.05) |
| **Net cash flows from financing activities (C)** | **222.42** | **194.43** |
| **Net increase/(decrease) in cash and cash equivalents (A+B+C)** | **(16.99)** | **28.81** |
| Cash and cash equivalents at the beginning of the year | 34.80 | 5.99 |
| **Cash and cash equivalents at the period end (Refer note 10)** | **17.81** | **34.80** |

**Note:**
1.Non cash transactions relating to investing and financing activities (Refer note 20).
2.The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard Ind AS 7 Statement of Cash Flows.
**The accompanying notes are an integral part of the Financial Statements**

As per our report of even date
**For V C Shah & Co**
Chartered Accountants
ICAI Firm Registration No: 109818W

V C SHAH & CO CHARTERED ACCOUNTANTS

**Anish N. Shah**
Partner
Membership No: 042649

Place: Mumbai
Date: May 09, 2025

**For and on behalf of Board of Directors of FSN International Limited**

**P Ganesh**
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**Tanuj Dhingra**
Chief Financial Officer

Place: Mumbai
Date: May 09, 2025

Place: Mumbai
Date: May 09, 2025

FSN INTERNATIONAL LIMITED

FSN International Limited (Formerly known as FSN International Private Limited)
(Amounts in ₹ millions, unless stated otherwise)

**Statement of Changes in Equity for the period ended March 31, 2025**

**A. Equity share capital (refer note 14):**

**Equity shares of ₹ 10 each issued, subscribed and fully paid**

| | No. of shares | Amount |
|---|---|---|
| **As at April 1, 2023** | **51,00,000** | **51.00** |
| Issued during the year | 1,99,78,000 | 199.78 |
| **As at March 31, 2024** | **2,50,78,000** | **250.78** |
| Issued during the year | 2,00,00,000 | 200.00 |
| **As at March 31, 2025** | **4,50,78,000** | **450.78** |

**B. Other Equity (refer note 15):**

| Particulars | Capital contribution from Parent | Reserves and surplus | Other Comprehensive Income (OCI) | Total other equity |
|---|---|---|---|---|
| | | Surplus/(deficit) in statement of profit and loss | | |
| **As at April 1, 2023** | 1.77 | **(27.15)** | **-** | **(25.38)** |
| Loss for the year | - | (24.23) | - | (24.23) |
| Other comprehensive loss | - | - | - | - |
| **Total comprehensive loss** | **-** | **(24.23)** | **-** | **(24.23)** |
| Addition during the year | - | - | - | - |
| **As at March 31, 2024** | 1.77 | **(51.38)** | **-** | **(49.61)** |
| Loss for the year | - | (15.31) | - | (15.31) |
| Other comprehensive loss | - | - | (0.07) | (0.07) |
| **Total comprehensive loss** | **-** | **(15.31)** | **(0.07)** | **(15.38)** |
| Addition during the year | - | - | - | - |
| **As at March 31, 2025** | 1.77 | **(66.69)** | **(0.07)** | **(64.99)** |

As per our report of even date
**For V C Shah & Co**
Chartered Accountants
ICAI Firm Registration No: 109818W

V C SHAH & CO * CHARTERED ACCOUNTANTS *

**Anish N. Shah**
Partner
Membership No: 042649

Place: Mumbai
Date: May 09, 2025

**For and on behalf of Board of Directors of**
**FSN International Limited**

**P Ganesh**
Director
DIN No. 07202923

**Sujeet Jain**
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Chief Financial Officer

Place: Mumbai
Date: May 09, 2025

Place: Mumbai
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FSN INTERNATIONAL LIMITED *

**FSN International Limited**
**(All amounts are in ₹ million ,unless stated otherwise)**

**Notes to Financial Statements**

1. **Corporate Information**

FSN International Limited (formerly known as FSN International Private Limited the 'Company') (CIN:U52100MH2019PLC334211) is incorporated as a Public limited Company incorporated on December 10, 2019 and domiciled in India. The Company is a wholly owned subsidiary of FSN E-Commerce Ventures Limited (formerly known as FSN E-Commerce Ventures Private Limited, the 'Holding Company'). The registered office of the Company is located at 104, Vasan Udyog Bhavan Senapati Bapat Marg, Lower Parel, Mumbai - 400013.

The Company has been converted from a Private Limited Company, pursuant to a special resolution passed in the extraordinary general meeting of the shareholders of the Company held on November 10, 2023 to Public Limited Company and consequently the name of the Company was changed to FSN International Limited vide fresh certificate of incorporation issued by ROC on November 23, 2023.

The Company is engaged in the business of selling beauty, wellness, fitness, personal care, health care, skin care, hair care and other related products on/through e-commerce, m-commerce, internet, stores, stalls etc.

The separate financial statements for the year ended March 31, 2025 were approved by the Board of Directors and approved for issue on May 09, 2025.

2. **Material Accounting Policies**

**2A. Basis of preparation**

i) **Statement of compliance:**

The financial statements comply in all material aspects with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

ii) **Historical cost convention:**

The Financial Statements have been prepared on a historical cost basis, except for the following:

• defined benefit plans

iii) **New and amended standards adopted by the Company:**

The Ministry of Corporate Affairs vide notification dated September 28, 2024 notified Companies(Indian Accounting Standards) Amendment Rules, 2023 which amended certain accounting standards, and are effective from the date of notification. These amendments did not have any material impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

iv) **New and amended standards issued but not effective**

There are no standards that are notified and not yet effective as on the date.

**2B. Summary of material accounting policies**

a) **Current versus non-current classification**

The Company segregates assets and liabilities into current and non-current categories for presentation in the balance sheet after considering its normal operating cycle and other criteria set out in Ind AS 1, "Presentation of Financial Statements". For this purpose, current assets and liabilities include the current portion of non-current assets and liabilities respectively. Deferred tax assets and liabilities are always classified as non-current.
The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified period up to twelve months as its operating cycle.

b) **Property, plant & equipment**

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the qualifying asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of Property, plant and equipment is included in asset's carrying amount or recognised as a separate asset, as appropriate only when it is probable that future economic benefits associated with the item will flow to the Company and cost of the item can be measured reliably.All other repairs

V C SHAH & CO * CHARTERED ACCOUNTANTS *

FSN INTERNATIONAL LIMITED

and maintenance are charged to the Statement of Profit and Loss for the period during which they are incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Cost incurred on Property, plant and equipment not ready for their intended use is disclosed as Capital Work-in-Progress and is stated at cost, net of accumulated impairment loss, if any. Advances paid towardsthe acquisition of property, plant and equipment outstanding at each Balance Sheet date are classified ascapital advances under other non-current assets.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of Property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profitand Loss when the asset is derecognized.

**Depreciation on Property, plant and equipment:**

Depreciation is provided using the Straight Line Method based on useful lives of the assets prescribed in Schedule II to the Companies Act, 2013. Leasehold improvements are amortized on a straight line basisover the period of primary lease or the expected useful life whichever is lower.

Estimated useful lives of the assets are as follows:

| Property, plant and equipment | Useful lives (in years) |
|---|---|
| Furniture & Fixtures | 10 |

The assets' residual values, useful lives and methods of depreciation are reviewed at each reporting period and adjusted prospectively for any change in estimate, if appropriate. Changes in expected useful lives are treated as change in accounting estimate.

**c) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed as either finite or indefinite.

Following, initial recognition, intangible assets with finite lives are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the Statement of Profit and Loss in the period/year in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss.

**Amortisation of intangible assets:**

Intangible assets are amortised on straight line basis as per the following useful lives:

| Intangible asset | Useful lives (in years) |
|---|---|
| Computer Software | 3 |

**Research and development costs**

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

V C SHAH & CO ★ CHARTERED ACCOUNTANTS ★

FSN INTERNATIONAL LIMITED ★

**Notes to Financial Statements**

- The technical feasibility of completing the intangible asset so that the asset will be available foruse or sale.
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

**d) Inventories**

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories totheir present location and condition. Cost is determined on first in, first out basis.
- Finished goods: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on first in, first out basis.
- Stock in Trade: Cost includes cost of purchase and other costs incurred in bringing the inventories totheir present location and condition. Cost is determined on first in, first out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costsof completion necessary to make the sale.

An inventory provision is recognised for cases where the net realisable value is estimated to be lower thanthe inventory carrying value. The net realisable value is estimated taking into account various factors, including obsolescence of material due to design change, process change etc., unserviceable items i.e. items which cannot be used due to deterioration in quality or due to shelf life or damaged in storage and ageing of material i.e. slow moving/non-moving prevailing sales prices of inventory.

**e) Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**I. Initial recognition and measurement:**

All financial assets and liabilities are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

**Financial Assets**

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are

measured at the transaction price as disclosed in section 2B(i) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fairvalue through profit or loss, irrespective of the business model.

**Financial Liabilities**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit and loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

V. C. SHAH & CO * CHARTERED ACCOUNTANTS *

FSN INTERNATIONAL LIMITED

**Notes to Financial Statements**

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Company business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.
Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**II. Subsequent measurement:**

**i. Financial assets**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income (FVTOCI) with recycling ofcumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains andlosses upon derecognition (equity instruments)
- Financial assets at fair value though profit or loss

**Financial assets at amortised cost *(debt instruments)***

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) methodand are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

The Company's financial assets at amortised cost includes trade and other receivables, loans to employees.

**Financial assets at fair value through other comprehensive income (FVTOCI) *(debt instruments)***

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. For debt instruments, at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value changes recognised in OCI is reclassified from the equity to profit or loss.

**Financial Assets designated at fair value through OCI (equity instruments)**

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the Statement of Profit and Loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Company elected to classify irrevocably its non-listed equity investments under this category.

V C SHAH & CO * CHARTERED ACCOUNTANTS *

FSN INTERNATIONAL LIMITED

**Financial assets at fair value through profit or loss (FVTPL)**

Financial assets are measured at fair value through profit or loss unless it measured at amortised cost or fair value through other comprehensive income on initial recognition. The transaction cost directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in the Statement of Profit or Loss.

**ii. Financial liabilities**

**Financial liabilities at fair value through Profit or Loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.
Financial liabilities designated upon initial recognition at fair value through profit or loss are designatedas such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognizedin OCI. These gains/ losses are not subsequently transferred to P&L. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss.

**Financial liabilities at amortised cost (loans and borrowings)**

Financial liabilities are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount ofloss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

**iii. Derecognition**

**Financial Assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass- through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in Statement of Profit and Lossif such gain or loss would have otherwise been recognised in Statement of Profit and Loss on disposal of that financial asset.

**Financial Liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or

V C SHAH & CO CHARTERED ACCOUNTANTS

FSN INTERNATIONAL LIMITED

FSN International Limited (Formerly known as FSN International Private Limited)
(All amounts are in ₹ million ,unless stated otherwise)

## Notes to Financial Statements

### 1. Corporate Information

FSN International Limited (formerly known as FSN International Private Limited the 'Company') (CIN:U52100MH2019PLC334211) is incorporated as a Public limited Company incorporated on December 10, 2019 and domiciled in India. The Company is a wholly owned subsidiary of FSN E-Commerce Ventures Limited (formerly known as FSN E-Commerce Ventures Private Limited, the 'Holding Company'). The registered office of the Company is located at 104, Vasan Udyog Bhavan Senapati Bapat Marg, Lower Parel, Mumbai - 400013.

The Company has been converted from a Private Limited Company, pursuant to a special resolution passed in the extraordinary general meeting of the shareholders of the Company held on November 10, 2023 to Public Limited Company and consequently the name of the Company was changed to FSN International Limited vide fresh certificate of incorporation issued by ROC on November 23, 2023.

The Company is engaged in the business of selling beauty, wellness, fitness, personal care, health care, skin care, hair care and other related products on/through e-commerce, m-commerce, internet, stores, stalls etc.

The separate financial statements for the year ended March 31, 2025 were approved by the Board of Directors and approved for issue on May 09, 2025.

### 2. Material Accounting Policies

### 2A. Basis of preparation

#### i) Statement of compliance:

The financial statements comply in all material aspects with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

#### ii) Historical cost convention:

The Financial Statements have been prepared on a historical cost basis, except for the following:

• defined benefit plans

#### iii) New and amended standards adopted by the Company:

The Ministry of Corporate Affairs vide notification dated September 28, 2024 notified Companies(Indian Accounting Standards) Amendment Rules, 2023 which amended certain accounting standards, and are effective from the date of notification. These amendments did not have any material impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

#### iv) New and amended standards issued but not effective

There are no standards that are notified and not yet effective as on the date.

### 2B. Summary of material accounting policies

#### a) Current versus non-current classification

The Company segregates assets and liabilities into current and non-current categories for presentation in the balance sheet after considering its normal operating cycle and other criteria set out in Ind AS 1, "Presentation of Financial Statements". For this purpose, current assets and liabilities include the current portion of non-current assets and liabilities respectively. Deferred tax assets and liabilities are always classified as non-current.
The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified period up to twelve months as its operating cycle.

#### b) Property, plant & equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the qualifying asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of Property, plant and equipment is included in asset's carrying amount or recognised as a separate asset, as appropriate only when it is probable that future economic benefits associated with the item will flow to the Company and cost of the item can be measured reliably. All other repairs

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and maintenance are charged to the Statement of Profit and Loss for the period during which they are incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Cost incurred on Property, plant and equipment not ready for their intended use is disclosed as Capital Work-in-Progress and is stated at cost, net of accumulated impairment loss, if any. Advances paid towardsthe acquisition of property, plant and equipment outstanding at each Balance Sheet date are classified ascapital advances under other non-current assets.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of Property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profitand Loss when the asset is derecognized.

**Depreciation on Property, plant and equipment:**

Depreciation is provided using the Straight Line Method based on useful lives of the assets prescribed in Schedule II to the Companies Act, 2013. Leasehold improvements are amortized on a straight line basisover the period of primary lease or the expected useful life whichever is lower.

Estimated useful lives of the assets are as follows:

| Property, plant and equipment | Useful lives (in years) |
|---|---|
| Furniture & Fixtures | 10 |

The assets' residual values, useful lives and methods of depreciation are reviewed at each reporting period and adjusted prospectively for any change in estimate, if appropriate. Changes in expected useful lives are treated as change in accounting estimate.

**c) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed as either finite or indefinite.

Following, initial recognition, intangible assets with finite lives are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the Statement of Profit and Loss in the period/year in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss.

**Amortisation of intangible assets:**

Intangible assets are amortised on straight line basis as per the following useful lives:

| Intangible asset | Useful lives (in years) |
|---|---|
| Computer Software | 3 |

**Research and development costs**

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

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- The technical feasibility of completing the intangible asset so that the asset will be available foruse or sale.
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

**d) Inventories**

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories totheir present location and condition. Cost is determined on first in, first out basis.

- Finished goods: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on first in, first out basis.

- Stock in Trade: Cost includes cost of purchase and other costs incurred in bringing the inventories totheir present location and condition. Cost is determined on first in, first out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costsof completion necessary to make the sale.

An inventory provision is recognised for cases where the net realisable value is estimated to be lower thanthe inventory carrying value. The net realisable value is estimated taking into account various factors, including obsolescence of material due to design change, process change etc., unserviceable items i.e. items which cannot be used due to deterioration in quality or due to shelf life or damaged in storage and ageing of material i.e. slow moving/non-moving prevailing sales prices of inventory.

**e) Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**I. Initial recognition and measurement:**

All financial assets and liabilities are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

**Financial Assets**

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are

measured at the transaction price as disclosed in section 2B(i) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fairvalue through profit or loss, irrespective of the business model.

**Financial Liabilities**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit and loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Company business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.
Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**II. Subsequent measurement:**

**i. Financial assets**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income (FVTOCI) with recycling ofcumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains andlosses upon derecognition (equity instruments)
- Financial assets at fair value though profit or loss

**Financial assets at amortised cost *(debt instruments)***

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) methodand are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

The Company's financial assets at amortised cost includes trade and other receivables, loans to employees.

**Financial assets at fair value through other comprehensive income (FVTOCI) *(debt instruments)***

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. For debt instruments, at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value changes recognised in OCI is reclassified from the equity to profit or loss.

**Financial Assets designated at fair value through OCI (equity instruments)**

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the Statement of Profit and Loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Company elected to classify irrevocably its non-listed equity investments under this category.

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**Financial assets at fair value through profit or loss (FVTPL)**

Financial assets are measured at fair value through profit or loss unless it measured at amortised cost or fair value through other comprehensive income on initial recognition. The transaction cost directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in the Statement of Profit or Loss.

**ii. Financial liabilities**

**Financial liabilities at fair value through Profit or Loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.
Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the Statement of Profit and Loss.

**Financial liabilities at amortised cost (loans and borrowings)**

Financial liabilities are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount ofloss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

**iii. Derecognition**

**Financial Assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass- through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in Statement of Profit and Lossif such gain or loss would have otherwise been recognised in Statement of Profit and Loss on disposal of that financial asset.

**Financial Liabilities**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or

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modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

**III. Impairment of financial assets:**

In accordance with Ind AS 109, the Company applies simplified expected credit loss (ECL) model for measurement and recognition of impairment loss for trade receivables or any contractual right to receivecash or another financial asset that result from transactions that are within the scope of Ind-AS 115 anddo not contain significant financing components.

The Company applies general approach for recognition of expected credit losses on all other financial assets.

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Trade receivables are written off when there is no reasonable expectation of recovery.

**IV. Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheetif there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**Reclassification of financial assets**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company senior management determines change in the business model as a result of external or internal changes which are significant to the Company operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

| Original classification | Revised classification | Accounting treatment |
|---|---|---|
| Amortised cost | FVTPL | Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in profit or loss. |
| FVTPL | Amortised Cost | Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount. |
| Amortised cost | FVTOCI | Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification. |
| FVTOCI | Amortised cost | Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost. |
| FVTPL | FVTOCI | Fair value at reclassification date becomes its new carrying amount. No other adjustment is required. |
| FVTOCI | FVTPL | Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss on the reclassification date. |

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**f) Revenue recognition**

**I. Revenue from contracts with customers**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price(net of variable consideration) allocated to that performance obligation. The transaction price of goods sold, and services rendered is net of variable consideration on account of discounts offered by the Company as part of the contract. This variable consideration is estimated based on the expected value ofoutflow. Revenue (net of variable consideration) is recognised only to the extent that it is highly probablethat the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

The Company identifies the performance obligations in its contracts with customers and recognises revenue as and when the performance obligations are satisfied. The specific recognition criteria describedbelow must also be mėt before revenue is recognised.

**i. Sale of products:**

Revenue is recognised upon transfer of control of promised products to customer in an amount that reflects the consideration which the company expects to receive in exchange for products. Revenuefrom the sale of products is recognised when products are delivered to customer. Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, rebates, scheme allowances, price concessions, incentives, and returns, if any, as specified in the contracts with the customers.

Contacts where the Company's obligation is to arrange for the provision of goods and services by another party, the Company recognises revenue in the amount of the commission to which it expectsto be entitled in exchange for arranging for the provision of goods and services.

Revenue excludes taxes collected from customers on behalf of the government. Accruals for discounts/incentives and returns are estimated (using the most likely method) based on accumulated experience and underlying schemes and agreements with customers. Due to the short nature of credit period given to customers, there is no financing component in the contract.

**Income from marketplace services:**

The Company B2B marketplace service generates revenue primarily from transaction fee paid by vendors in marketplace. Revenue related to transaction fees and any related fulfilment fees earned from these arrangements are recognised when the services are rendered, which generally happens at the time underlying sales has been concluded.

**Rendering of services:**

Income from services are recognised as and when the services are rendered.

**Marketing Support Revenue**

The Company recognizes marketing income i.e. visibility services provided by the Company to various brands at retail outlets. Revenue from advertisement services is recognised when advertisement is displayed.

**ii. Contract balances:**

**- Contract assets**

A contract asset is the right to consideration in exchange for products or services transferred to the customer. If the Company performs by transferring products or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earnedconsideration that is conditional.

**- Trade receivables**

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e.,only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section - Financial instruments – initial recognition and subsequent measurement.

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- **Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

***II. Interest income:***

Interest income is accrued on time basis, by reference to the principle outstanding and using the effective interest rate method. Interest income is included under the head "other income" in the Statement of profitand loss.

**g) Provisions**

A provision is recognized when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the Statement of Profit and Loss.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax ratethat reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**h) Foreign currency transactions**

**Functional and presentation currency**

The financial statements are presented in Indian Rupees (RS.), which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

**Foreign currency transactions and balances**

**(i) Initial recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**(ii) Conversion**

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

**(iii) Exchange differences**

Exchange differences arising on settlement or translation of other monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the period/year, or reported in previous financial statements, are recognized as income or as expenses in the Statement of Profit and Loss in the period/year in which they arise.

**i) Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is basedon the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability - or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing

categorization(based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The management assessed that cash and cash equivalents, trade receivables, advances, trade payables, bank overdraft and other financial liabilities approximate their carrying amountslargely due to the short-term maturities of these instruments.

The management selects appropriate valuation techniques using discounted cash flow model when the fair value of the financial assets and liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. External valuers are involved for valuation of significant assets and liabilities. The management selects external valuer on various criteria such as market knowledge, reputation, independence and whether professional standards are maintained by valuer. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

j) **Borrowing cost**

Borrowing cost directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they are incurred. Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowing to the extent they are regarded as adjustment to the interest cost.

k) **Income taxes**

Tax expense comprises current and deferred tax.

Current income tax

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance withthe Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assetsand liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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Deferred tax assets are recognised for all deductible temporary differences and the carry forward of any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilised except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of

the deferred tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Current tax and deferred tax are measured using the tax rates and tax laws enacted or substantively enacted, at the reporting date. Current income tax and deferred tax relating to items recognized outside profit and loss is recognized outside profit and loss (either in OCI or in equity). The Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

### l) Cash and Cash Equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, and other short term highly liquid investments which are subject to an insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

### m) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements. The Company does not recognise a contingent liability but discloses its existence and other disclosures in the notes to the financial statements unless the possibility of any outflow in settlement is remote.

### n) Earnings per share

Basic earnings per share is computed by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, except where the result would be anti-dilutive.

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### o) Segment reporting

The Company is engaged in the business of selling beauty, wellness, fitness, personal care, health care, skin care, hair care and other related products on/through e-commerce, m-commerce, internet, stores, stalls, etc. The Company's business activity falls within a single primary business segment, i.e. Others. Accordingly, disclosures as required under IND AS 108, Operating Segments, have not been separately presented in the financial statements since the information is available directly from the Statement of Profit and Loss.

### 2C. Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities, at the end of the reporting period. Such judgments, estimates and associated assumptions are evaluated based on historical experience and various other factors, including estimation of the effects of uncertain future events, which are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The following are the critical judgements and estimations that have been made by the management in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognised in the financial statements and/or key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### I. Estimates and assumptions:

#### a. Fair Value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

#### b. Provision

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.

#### c. Income taxes

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

#### d. Deferred Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilised. In assessing the probability the Company considers whether the entity has sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which will result in taxable amounts against which the unused tax losses or unused tax credits can be utilised before they expire. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The Company has recognised deferred tax assets on the unused tax losses and other deductible temporary differences since the management is of the view that it is probable the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets.

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## Notes to Financial Statements

e. **Impairment of financial assets:**

The impairment provisions for financial assets depending on their classification are based on assumptions about risk of default, expected cash loss rates, discounting rates applied to these forecasted future cash flows, recent transactions and independent valuer's report. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

f. **Measurement of fair value of non-marketable equity investments:**

These instruments are initially recorded at cost and subsequently measured at fair value. Fair value of investments is determined using the income approaches. The income approach includes the use of discounted cash flow model, which requires significant estimates regarding the investees' revenue, costs, and discount rates based on the risk profile of comparable companies. Estimates of revenue and costs are developed using available historical and forecast data.

g. **Provision for expected credit losses of trade receivables and contract assets:**

The Company uses a simplified approach to determine impairment loss allowance on the portfolio of trade receivables. This is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may not be representative of customer's actual default in the future.

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(Amounts in ₹ millions, unless stated otherwise)

**Notes to the financial statements as at and for the year ended March 31, 2025**

**Note 3**
**Property, plant and equipment**

| Particulars | Furniture and fixtures | Total |
|---|---|---|
| **Gross carrying amount** | | |
| **As at April 1, 2023** | **2.45** | **2.45** |
| Additions | 0.34 | 0.34 |
| Disposals/transfers | - | - |
| **As at March 31, 2024** | **2.79** | **2.79** |
| Additions | - | - |
| Disposals/transfers | - | - |
| **As at March 31, 2025** | **2.79** | **2.79** |
| **Accumulated depreciation** | | |
| **As at April 1, 2023** | **0.08** | **0.08** |
| Depreciation charge for the year | 0.27 | 0.27 |
| Disposals/adjustments | - | - |
| **As at March 31, 2024** | **0.35** | **0.35** |
| Depreciation charge for the year | 0.29 | 0.29 |
| Disposals/adjustments | - | - |
| **As at March 31, 2025** | **0.64** | **0.64** |
| **Net Carrying Amount** | | |
| **As at March 31, 2025** | **2.15** | **2.15** |
| **As at March 31, 2024** | **2.44** | **2.44** |

**Note 4**
**Intangible assets**

| Particulars | Computer Softwares | Total |
|---|---|---|
| **Gross carrying amount** | | |
| **As at April 1, 2023** | **0.18** | **0.18** |
| Additions | - | - |
| Disposals/transfers | - | - |
| **As at March 31, 2024** | **0.18** | **0.18** |
| Additions | - | - |
| Disposals/transfers | - | - |
| **As at March 31, 2025** | **0.18** | **0.18** |
| **Accumulated depreciation** | | |
| **As at April 1, 2023** | **0.02** | **0.02** |
| Amortisation charge for the year | 0.06 | 0.06 |
| Disposals/adjustments | - | - |
| **As at March 31, 2024** | **0.08** | **0.08** |
| Amortisation charge for the year | 0.06 | 0.06 |
| Disposals/adjustments | - | - |
| **As at March 31, 2025** | **0.14** | **0.14** |
| **Net Carrying Amount** | | |
| **As at March 31, 2025** | **0.04** | **0.04** |
| **As at March 31, 2024** | **0.10** | **0.10** |

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**Note 5**
**Intangible assets under development ('IAUD')**

| Particulars | Amount |
|---|---|
| **As at April 1, 2023** | - |
| Addition | - |
| Capitalisation | - |
| **As at March 31, 2024** | - |
| Addition | 20.98 |
| Capitalisation | - |
| **As at March 31, 2025** | **20.98** |

| Particulars | Amount of the IAUD for a period of | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| As at March 31, 2025 | 20.98 | - | - | - | **20.98** |
| As at March 31, 2024 | - | - | - | - | - |

1) There are no overdue or cost overrun projects compared to its original plan and no periods which are temporarily suspended, on the above-mentioned reporting dates.

**Note 6**
**Non-current investments (Unquoted)**

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| **Investments in subsidiaries ( Unquoted, fully paid up)** | | |
| **(A) Investments in Equity Instruments of Subsidiaries (at cost)** | | |
| FSN Global FZE (340 shares of AED 1,000 each) (Mar 31, 2024 - 340 Shares) | 7.15 | 7.15 |
| Nykaa International UK (2,10,000 shares of GBP 1 each) (Mar 31, 2024 - 150,000 Shares) | 21.23 | 14.75 |
| Nessa International Holdings Limited (34,70,500 shares of USD 1 each) (Mar 31, 2024 - 15,73,000 Shares) | 291.48 | 131.33 |
| Nykaa Foundation (1 share of INR. 10 each) (Mar 31, 2024- 1 Share) | 0.00* | 0.00* |
| **Total investments measured at cost** | **319.86** | **153.23** |
| Aggregate amount of unquoted investments | 319.86 | 153.23 |
| Aggregate amount of impairment in value of investments | - | - |

*Numbers are below one million under the rounding off convention adopted by the company.

**Note 7**
**Income tax**

**a) The major components of income tax expense / (benefit) are:**

**(i) Income Tax expense/ (benefit) recognised in statement of profit or loss:**

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| **Deferred tax:** | | |
| In respect of current year | (5.00) | (8.44) |
| **Income tax benefit reported in the statement of profit or loss** | **(5.00)** | **(8.44)** |

**(ii) Expense/Benefit recognised in other comprehensive income**

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| **Deferred tax** | | |
| Remeasurement benefit of defined benefit plans | 0.03 | - |
| **Income tax benefit reported in the other comprehensive income** | **0.03** | - |

**Reconciliation of tax expense and the accounting loss multiplied by India's domestic tax rate for March 31, 2025 and March 31, 2024:**

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| Loss before tax | (20.31) | (32.67) |
| Applicable tax rate | 25.17% | 25.17% |
| Tax using the Company's domestic tax rate | (5.11) | (8.22) |
| **Tax effect of:** | | |
| Others (mainly includes permanent differences) | 0.11 | (0.22) |
| **Total tax benefit** | **(5.00)** | **(8.44)** |
| **Tax benefit recognized in the statement of profit and loss** | (5.00) | (8.44) |
| **Effective tax rate** | **24.60%** | **25.83%** |

**Deferred tax:**
**i. Deferred tax assets and liabilities are attributable to the following:**

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Impact of brought forward losses | 19.20 | 11.88 |
| Provision for Expected Credit Loss | 2.48 | 4.89 |
| Provision for Inventory | 0.01 | - |
| Expenses allowed on payment basis | 0.12 | 0.03 |
| Timing difference between book depreciation and depreciation as per the Income-tax Act, 1961 | 0.02 | 0.01 |
| **Deferred tax assets (A)** | **21.83** | **16.81** |
| **Deferred tax liabilities (B)** | - | - |
| **Deferred tax assets (net) (C=A-B)** | **21.83** | **16.81** |

**ii. Reconciliation of deferred tax assets (net):**

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| **Opening balance** | 16.81 | 8.37 |
| Tax benefit during the period recognised in profit or loss | 5.00 | 8.44 |
| Tax benefit during the period recognised in OCI | 0.03 | - |
| **Closing balance** | **21.83** | **16.81** |

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**Note 8**
**Inventories (valued at lower of cost or net realisable value)**

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Stock-in-trade | 6.30 | 2.81 |
| **Total** | **6.30** | **2.81** |

The inventory includes good-in-transit as follows:
Stock-in-trade - As at March 31, 2025 ₹ 6.30 Mn ( March 31, 2024 : Nil Mn)
During the year ended March 31, 2025, Nil (March 31, 2024: Nil) is recognised as provision taking into account various factors, including obsolescence of material, unserviceable items and ageing of material.

**Note 9**
**Trade receivables**

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Trade receivables - Unsecured, Considered Good | 58.38 | 21.60 |
| Trade receivables credit impaired | 9.84 | 19.44 |
| Less: Allowances for expected credit loss (Refer note 38) | (9.84) | (19.44) |
| **Total** | **58.38** | **21.60** |

(For details of trade receivables with related party, refer Note 33 - Related Party Transactions)
No trade receivables are due from directors or other officers of the company either severally or jointly with any other person.

**Gross Trade receivables aging schedule**

**March 31, 2025**

| Particulars | Current but not due | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Undisputed trade receivables - unsecured, considered good | 0.76 | 35.23 | 22.39 | - | - | - | 58.38 |
| Undisputed Trade receivable – credit impaired | - | - | 9.84 | - | - | - | 9.84 |
| **Total** | **0.76** | **35.23** | **32.23** | **-** | **-** | **-** | **68.22** |

**March 31, 2024**

| Particulars | Current but not due | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Undisputed trade receivables - unsecured, considered good | 10.79 | 10.81 | - | - | - | - | 21.60 |
| Undisputed Trade receivable – credit impaired | - | - | 19.44 | - | - | - | 19.44 |
| **Total** | **10.79** | **10.81** | **19.44** | **-** | **-** | **-** | **41.04** |

**Note 10**
**Cash and cash equivalents**

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Balances with banks in current accounts | 1.81 | 34.81 |
| Deposits with original maturity of less than three months | | |
| - With Banks | 16.00 | - |
| **Total** | **17.81** | **34.81** |

**Note 11**
**Loans (Current)**

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Loan to subsidiaries (Unsecured - considered good) | 84.08 | 67.74 |
| **Total** | **84.08** | **67.74** |

**Note 12**
**Other financial assets (Current)**

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Receivable from payment gateway / cash collection vendors | 0.10 | - |
| Interest accrued but not due | 0.51 | 0.42 |
| **Total** | **0.61** | **0.42** |

**Movement in Interest accrued on deposits but not due:**

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Opening balance | 0.42 | 0.24 |
| Interest charged during the year | 5.59 | 3.68 |
| Payment received | (5.50) | (3.50) |
| **Closing balance** | **0.51** | **0.42** |

**Note 13**
**Other current assets**

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Advance against expenses (Unsecured, considered good) | 31.47 | 0.75 |
| Prepaid Expenses | 0.48 | 0.01 |
| Balance with statutory / government authorities | 32.88 | 22.81 |
| **Total** | **64.83** | **23.57** |

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**Note 14**
**Equity Share Capital**
**i) Authorised Share Capital**

| Particulars | Equity Shares | |
|---|---|---|
| | Numbers | Amount |
| **i) Authorised Share Capital** | | |
| **As at April 1, 2023** | **1,00,00,000** | **100.00** |
| Increase during the year | 2,00,00,000 | 200.00 |
| **As at Mar 31, 2024** | **3,00,00,000** | **300.00** |
| Increase during the year | 2,00,00,000 | 200.00 |
| **As at Mar 31, 2025** | **5,00,00,000** | **500.00** |

**Terms/ rights attached to equity shares**
The Company has only one class of equity shares having a par value of INR 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**ii) Issued, subscribed and fully paid up equity capital of INR 10 each issued**

| Particulars | Equity shares | |
|---|---|---|
| | Numbers | Amount |
| **As at April 1, 2023** | **51,00,000** | **51.00** |
| Issued during the year | 1,99,78,000 | 199.78 |
| **As at March 31, 2024** | **2,50,78,000** | **250.78** |
| Issued during the year | 2,00,00,000 | 200.00 |
| **As at March 31, 2025** | **4,50,78,000** | **450.78** |

**iii) Shares held by holding company (along with nominee shareholders)**

**Out of equity shares issued by the company, shares held by its holding company is as below:**

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| FSN E-Commerce Ventures Limited (Holding Company)<br>4,50,78,000 (March 31, 2024: 2,50,78,000) equity shares of ₹ 10/- each | 450.78 | 250.78 |

**iv) Details of shareholders holding more than 5% shares in the company**

| Name of the shareholder | As at March 31, 2025 | | As at March 31, 2024 | |
|---|---|---|---|---|
| | No. of shares | % holding | No. of shares | % holding |
| FSN E-Commerce Ventures Limited (Holding Company) | 4,50,78,000 | 100.00% | 2,50,78,000 | 100.00% |

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

v) There are no bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date.

**vi) Details of promoter shareholding along with nominee shareholders**

**As at March 31, 2025**

| Promoter Name | Description | No. of shares at the beginning of the year | % of total Shares | No. of shares at the end of the year | % of total shares | % change during the year |
|---|---|---|---|---|---|---|
| FSN E-Commerce Ventures Limited (Holding Company) | Equity shares of ₹ 10 each fully paid | 2,50,78,000 | 100.00% | 4,50,78,000 | 100.00% | 0.00% |
| | | **2,50,78,000** | **100.00%** | **4,50,78,000** | **100.00%** | **0.00%** |

As at March 31, 2024

| Promoter Name | Description | No. of shares at the beginning of the year | % of total Shares | No. of shares at the end of the year | % of total shares | % change during the year |
|---|---|---|---|---|---|---|
| FSN E-Commerce Ventures Limited (Holding Company) | Equity shares of ₹ 10 each fully paid | 51,00,000 | 100.00% | 2,50,78,000 | 100.00% | 0.00% |
| | | **51,00,000** | **100.00%** | **2,50,78,000** | **100.00%** | **0.00%** |

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FSN International Limited (Formerly known as FSN International Private Limited)
Notes to the financial statements as at and for the year ended March 31, 2025
(Amounts in ₹ millions, unless stated otherwise)

**Note 15**
**Other equity**

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| **(i) Retained earnings** | | |
| Opening balance | (51.38) | (27.15) |
| Add: Loss during the year | (15.31) | (24.23) |
| **Closing balance (A)** | **(66.69)** | **(51.38)** |
| | | |
| **(ii) Other comprehensive income** | | |
| Opening balance | - | - |
| Add: Other comprehensive income for the year | (0.07) | - |
| **Closing balance (B)** | **(0.07)** | **-** |
| | | |
| **(iii) Capital Contribution from Holding Company** | | |
| Opening balance | 1.77 | 1.77 |
| Add : Additions during the year | - | - |
| **Closing balance (B)** | **1.77** | **1.77** |
| | | |
| **Total (A+B)** | **(64.99)** | **(49.61)** |

**Nature and purpose of reserves**
**(i) Retained earnings :**
Retained earnings are the profits/(losses) that the Company has earned/incurred till date, less any dividends or other distributions paid to shareholders.

**(ii) Other Comprehensive Income:**
This represents the cumulative gains and losses arising on remeasurement of defined employee benefit plan.

**(iii) Capital Contribution from Holding Company :**
**Loan from Holding Company**: Fair valuation of loans taken from parent on initial recognition.

V C SHAH & CO CHARTERED ACCOUNTANTS

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Notes to the financial statements as at and for the year ended March 31, 2025
(Amounts in ₹ millions, unless stated otherwise)

**Note 16**
**Borrowings (Non Current)**

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| **Unsecured carried at amortised cost** | | |
| Loan from Holding Company ( Refer note 18) | - | 16.91 |
| **Total** | **-** | **16.91** |

A) Refer Note 38 for maturity profile of above loans.

**Note 17**
**Long-term provisions**

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Provision for gratuity ( Refer note 32) | 0.21 | - |
| **Total** | **0.21** | **-** |

**Note 18**
**Borrowings (Current)**

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| **Unsecured** | | |
| Loan from Holding Company ( Refer note A below) | 106.90 | 62.83 |
| **Total** | **106.90** | **62.83** |

**A) Terms of loans from holding company**
1)The above loan carry an interest rate referenced to the government security rate close to the tenor of the loan and mutually agreed spread.
2)The above loan is for a period of 3 years and interest rate being charged is 6-8% p.a.

**Note 19**
**Trade payables**

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Total outstanding dues of micro enterprises and small enterprises | - | - |
| Total outstanding dues of trade payables other than micro enterprises and small enterprises | 59.21 | 28.26 |
| **Total** | **59.21** | **28.26** |

**Notes :**
1. Refer Note 33 for payables to related parties.
2. Trade payables are generally non interest bearing.
3. The identification of Micro, Small and Medium Enterprises is based on the Management's knowledge of their status. Based on the information available with the Company regarding the status of the suppliers as defined under 'The Micro, Small and Medium Enterprises Development Act, 2006'. Total outstanding to such suppliers is Rs. Nil as at March, 2025.

**Trade payables aging schedule**

**March 31, 2025**

| Particulars | Current but not due | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|
| | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Total outstanding dues of micro enterprises and small enterprises | - | - | - | - | - | - |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 1.62 | 57.59 | - | - | - | 59.21 |
| **Total** | **1.62** | **57.59** | **0.00** | **0.00** | **0.00** | **59.21** |

**March 31, 2024**

| Particulars | Current but not due | Outstanding for following periods from due date of payment | | | | Total |
|---|---|---|---|---|---|---|
| | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Total outstanding dues of micro enterprises and small enterprises | - | - | - | - | - | - |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 2.29 | 1.90 | 24.07 | - | - | 28.26 |
| **Total** | **2.29** | **1.90** | **24.07** | **0.00** | **0.00** | **28.26** |

V C SHAH & CO CHARTERED ACCOUNTANTS

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**Note 20**
**Other financial liabilities ( current)**

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| **Measured at amortised cost** | | |
| Employee related liabilities | 4.25 | - |
| Accrued expenses | 36.27 | 13.23 |
| Interest accrued but not due on borrowings | 0.52 | 0.49 |
| **Total** | **41.04** | **13.72** |

Refer Note 33 for payables to related parties.

Movement in Interest accrued but not due on borrowings and finance charge:

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Opening balance | 0.49 | 0.43 |
| Interest and Finance charge accrued during the year (excluding Amortisation impact) | 4.21 | 5.06 |
| Payment of interest and Finance charge during the year | (4.18) | (5.00) |
| **Closing balance** | **0.52** | **0.49** |

**Note 21**
**Short - term provisions**

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Provision for gratuity ( Refer note 32) | 0.00* | - |
| Provision for Compensated absences | 0.30 | 0.10 |
| **Total** | **0.30** | **0.10** |

*Numbers are below one million under the rounding off convention adopted by the company.

**Note 22**
**Other current liabilities**

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Statutory dues | 3.58 | 0.63 |
| **Total** | **3.58** | **0.63** |

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Notes to the financial statements for the year ended March 31, 2025
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**Note 23**
**Revenue from operations**

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| **A. Sale of products** | 32.34 | 26.28 |
| **B. Sale of services** | | |
| Marketing support revenue | 3.56 | 4.37 |
| Income from marketplace services | 39.10 | 26.70 |
| **C. Other Operating Revenue** | | |
| Export incentive | - | 0.03 |
| **Total** | **75.00** | **57.38** |

| Geography | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| Within India | 3.56 | 0.03 |
| Outside India | 71.44 | 57.35 |
| | **75.00** | **57.38** |

**(A) Disaggregation of revenue from contracts with customers**
The Company derives its major revenue from sale of products through offline channels, which is a single line of business.

**(B) Contract Balances**

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Trade Receivables | 58.38 | 16.24 |

**(C) Reconciliation between the contract price and revenue from contracts with customers**

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| **Contract Price** | **75.00** | **57.38** |
| **Revenue recognized in the current year from contract liability:** | | |
| Advance from Customer | - | - |
| **Revenue deferred in the current year towards unsatisfied performance obligation:** | | |
| Advance from Customer | - | - |
| **Revenue from operations** | **75.00** | **57.38** |

Refer accounting policy 2B(f) for satisfaction of performance obligation and when the revenue is recognised

**Note 24**
**Other income**

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| **(a) Interest Income** | | |
| Loan given to subsidiaries | 5.59 | 3.68 |
| Fixed deposit | 0.01 | - |
| **(b) Other non-operating income** | | |
| Income Tax Refund | 0.00* | - |
| Miscellaneous income ( Refer note 1) | 30.50 | - |
| Foreign exchange gain | 4.16 | 4.68 |
| **Total** | **40.26** | **8.36** |

*Numbers are below one million under the rounding off convention adopted by the company.

**Note 1**

Miscallenaous Income mainly includes the salary cross charged to Nessa International Holdings Limited

**Note 25**
**Purchase of traded goods**

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| Purchases of traded goods | 21.89 | 18.83 |
| **Total** | **21.89** | **18.83** |

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FSN INTERNATIONAL LIMITED

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Notes to the financial statements for the year ended March 31, 2025
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**Note 26**
**Changes in inventories of stock-in-trade**

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| **Stock-in-trade** | | |
| Opening balance | 2.81 | 3.92 |
| Closing balance | 6.30 | 2.81 |
| **Total** | **(3.49)** | **1.11** |

**Note 27**
**Employee benefits expense**

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| Salaries, Wages and Bonus | 43.75 | 10.88 |
| Contribution to provident fund | 0.63 | 0.02 |
| Gratuity expenses | 0.05 | - |
| Compensated expenses | 0.17 | 0.10 |
| Staff welfare expenses | 0.01 | 0.04 |
| **Total** | **44.61** | **11.04** |

**Note 28**
**Finance costs**

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| Interest expense on inter company loan | 4.77 | 5.05 |
| **Total** | **4.77** | **5.05** |

**Note 29**
**Depreciation and amortisation expense**

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| Depreciation of property, plant and equipment (refer note 3) | 0.29 | 0.27 |
| Amortisation of Intangible assets (refer note 4) | 0.06 | 0.06 |
| **Total** | **0.35** | **0.33** |

**Note 30**
**Other expenses**

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| Marketing & Advertisement Expense | 24.86 | 4.66 |
| Legal and Professional Fees | 4.96 | 7.32 |
| Web & Technology Expenses | 2.28 | 0.87 |
| Payment Gateway Charges | 3.75 | 2.55 |
| Freight outward | 33.39 | 21.94 |
| Travelling & Conveyance Expenses | 0.04 | - |
| Rates & Taxes | 2.82 | 3.17 |
| Insurance Expenses | 0.02 | 0.11 |
| Rent and Maintenance Expenses | 0.28 | 0.28 |
| Director Sitting Fees | 0.03 | 0.13 |
| Bank charges | 0.17 | 0.11 |
| Auditor's remuneration : | | |
| - Audit fee | 0.76 | 0.67 |
| - Other Matter | 0.38 | - |
| - Out of pocket expense | 0.06 | - |
| Allowance for Expected Credit Loss | (9.60) | 19.38 |
| Recruitment Expenses | 1.23 | - |
| Beauty advisor Expenses | 0.72 | - |
| Miscellaneous Expenses | 1.29 | 0.76 |
| **Total** | **67.44** | **62.05** |

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**Notes to the financial statements for the year ended March 31, 2025**
(Amounts in ₹ millions, except per share data and unless stated otherwise)

**Note 31**
**Basic & diluted earnings per share**

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| Nominal value of per equity share | 10/- | 10/- |
| Loss after tax (A) | (15.31) | (24.23) |
| Loss attributable to equity shareholders | (15.31) | (24.23) |
| Total number of shares outstanding during the year | 4,50,78,000 | 2,50,78,000 |
| Weighted average number of equity shares outstanding during the period (B) | 4,14,06,767 | 1,17,97,519 |
| **Basic earnings per share = A/B** | **(0.37)** | **(2.05)** |
| Weighted average number of diluted equity shares (C) | 4,14,06,767 | 1,17,97,519 |
| **Diluted earnings per share = A/C** | **(0.37)** | **(2.05)** |

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*[This space has been intentionally left blank]*

**Note 32**
**Defined benefit plan and other long term employee benefit plan:**

I) **Defined contribution plan**
During the year, the Company has made contribution/provision to provident fund stated under defined contribution plan amounting to ₹ 0.63 Mn (March 31, 2024 : ₹ 0.02 Mn) and the same has been recognised as an expense in the Statement of Profit and Loss.

II) **Defined benefit plans**
The Company operates a defined benefit gratuity plan for its employees. The gratuity benefits payable to the employees are based on the employee's service and last drawn salary at the time of leaving.
The Company has provided for gratuity based on actuarial valuation done as per projected unit credit method.

**A. The following tables set out the funded status of the gratuity plans and the amounts recognised in the Company's financial statements as at March 31, 2025 and March 31, 2024:**

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| **Amount to be recognised in balance sheet** | | |
| Present value of defined benefit obligation | 0.21 | - |
| Less: Fair value of plan assets | - | - |
| Funded status – deficit / (surplus) | 0.21 | - |
| **Net liability recognised in balance sheet** | **0.21** | **-** |
| Current | 0.00* | - |
| Non-current | 0.21 | - |

*Numbers are below one million under the rounding off convention adopted by the company.

**i) Changes in the present value of defined benefit obligation**

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| **Reconciliation of defined benefit obligation** | | |
| Opening defined benefit obligation | - | - |
| Current service cost | 0.05 | - |
| Actuarial loss in obligation for year ended due to changes in financial assumptions | 0.01 | - |
| Actuarial loss in obligation for year ended due to changes in demographic assumptions | 0.08 | - |
| Actuarial loss in obligation for year ended due to changes in experience adjustments | 0.01 | - |
| Liability assumed / (settled)* | 0.05 | - |
| **Closing defined benefit obligations** | **0.21** | **-** |

*On account of intra group transfers

**ii) Amount for the year ended March 31, 2025 and March 31, 2024 recognised in the Statement of Profit and Loss under employee benefit expenses and other comprehensive income**

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| Current service cost | 0.05 | - |
| **Amount recognised in Statement of Profit and Loss** | **0.05** | **-** |
| Actuarial loss in obligation for year ended due to changes in financial assumptions | 0.01 | - |
| Actuarial loss in obligation due to changes in demographic assumptions | 0.08 | |
| Actuarial loss in obligation for year ended due to changes in experience adjustments | 0.01 | - |
| **Amount recognised in Other Comprehensive Income (OCI)** | **0.10** | **-** |

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**B The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:**

| Particulars | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| Mortality table | IALM (2012-14) | - |
| Discount rate | 6.65% | - |
| Future salary increases* | 7.00% | - |
| Withdrawal rates | 22% for managers and above<br>30% for frontline staff | - |
| IALM - Indian Assured Lives Mortality (Ultimate) | IALM (2012-14) | |

The discount rate is based on the prevailing market yields of Government of India Bonds as at the Balance Sheet date for the estimated terms of the obligations.

*The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**C The following payments are expected contributions to the defined benefit plan in future years:**

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Within the next 12 months (next annual reporting period) | 0.00* | - |
| Between 2 and 5 years | 0.12 | - |
| Between 6 and 9 years | 0.13 | - |
| 10 & Above following years | 0.09 | - |
| **Total expected payments** | **0.34** | **-** |

*Numbers are below one million under the rounding off convention adopted by the company.

The average duration of defined benefit plan obligation at the end of the reporting period is 6.63 years (March 31,2024: Nil years).

**D Sensitivity analysis**

The sensitivity analysis of significant actuarial assumption as of end of reporting period is shown below:

| Particulars | Pre-tax impact (decrease) / increase in liability | |
|---|---|---|
| | As at March 31, 2025 | As at March 31, 2024 |
| **Discount rate (-/+ 1%)** | | |
| Decrease by 100 basis points | 0.01 | - |
| Increase by 100 basis points | (0.01) | - |
| **Future salary increase (-/+ 1%)** | | |
| Decrease by 100 basis points | (0.01) | - |
| Increase by 100 basis points | 0.01 | - |

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period and assuming there are no other changes in the market conditions. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

These plans typically expose the Company to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

**(A) Interest risk** - A decrease in the discount rate will increase the plan liability.

**(B) Longevity risk** – The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**(C) Salary risk** – The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

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Note 33
**Related party transactions**

**A. Names of the related parties**

| Name of entity | Nature of relationship |
|---|---|
| FSN E-Commerce Ventures Limited | Holding company |
| Nykaa E Retail Limited (formerly known as Nykaa E-Retail Private Limited) | Fellow subsidiary* |
| FSN Brands Marketing Private Limited | Fellow subsidiary* |
| Nykaa-KK Beauty Private Limited | Fellow subsidiary* |
| Nykaa Fashion Limited ( formerly known as Nykaa Fashion Private Limited) | Fellow subsidiary* |
| FSN Global FZE | Subsidiary |
| Nykaa International UK Limited | Subsidiary |
| Dot & Key Wellness Limited (formerly known as Dot & Key Wellness Private Limited) | Fellow subsidiary* |
| Nykaa Foundation | Fellow subsidiary |
| Nessa International Holdings Limited | Subsidiary |
| Nyssa Beauty LLC | Step down subsidiary( w.e.f. Oct 3, 2023) |
| Nysaa International for Wholesale and Retails Trade Co. SPC (Kuwait) | Step down subsidiary( w.e.f. June 5, 2024) |
| Nysaa Cosmetics Trading (Qatar) | Step down subsidiary( w.e.f. June 26, 2024) |
| Nysaa Trading LLC ( Saudi) | Step down subsidiary( w.e.f. September 20, 2024) |
| Nysaa Distribution FZE ( UAE) | Step down subsidiary( w.e.f. October 22, 2024) |
| Nysaa Cosmetics SPC ( Oman) | Step down subsidiary( w.e.f. January 22, 2025) |

*Where there are transactions during the current or previous year.

**Directors and Key Management Personnel (KMP)**

| | |
|---|---|
| Mr Sanjay Nayar# | Director |
| Mr Seshashayee Sridhara | Director |
| Mr Arun Sharma# | Company Secretary (appointed w.e.f. February 1, 2024) |
| Mr Sujeet Jain# | Director |
| Mr P Ganesh# | Director (appointed w.e.f. February 1, 2024) |

# Where there are no transactions during the current or previous year

**B. Transactions with Related party**

| Particulars | Nature of transactions | Transactions during the year ended March 31, 2025 | Outstanding balances as on March 31, 2025 | Transactions during the year ended March 31, 2024 | Outstanding balances as on March 31, 2024 |
|---|---|---|---|---|---|
| **Holding company** | | | | | |
| FSN E-Commerce Ventures Limited | Interest Expenses | 4.21 | (0.52) | 5.05 | - |
| | Purchases | 13.00 | (0.58) | 5.57 | - |
| | Reimbursement of Expenses | 26.91 | | 10.95 | (2.64) |
| | Discount income | (1.12) | - | (0.73) | - |
| | Marketing Income | (2.21) | - | (1.46) | - |
| | Equity Share Capital | (200.00) | (450.78) | (199.78) | (250.78) |
| | Equity Contribution | - | (1.77) | - | - |
| | Notional interest Expenses- Loan | 0.63 | - | - | - |
| | Loan taken (net) | (27.23) | (106.90) | (0.26) | (80.30) |
| Nykaa E Retail Limited (formerly known as Nykaa E Retail Private Limited) | Listing fees | 1.52 | - | 1.24 | - |
| | Reimbursement/(Recovery) of Expenses | 9.51 | (3.52) | (5.20) | 6.54 |
| | Rent Expenses | 0.19 | - | 0.28 | - |
| FSN Brands Marketing Private Limited | Purchases | 2.37 | (0.57) | 2.43 | - |
| | Discount income | - | - | (0.21) | - |
| | Reimbursement of Expenses | 0.01 | - | 0.01 | - |
| | Marketing Income | - | - | (0.43) | 0.46 |
| Nykaa KK Beauty Private Limited | Purchases | 5.83 | - | 7.25 | - |
| | Discount income | (0.68) | - | (1.24) | - |
| | Marketing Income | (1.35) | 0.08 | (2.48) | 0.87 |
| Nykaa Fashion Limited ( formerly known as Nykaa Fashion Private Limited) | Reimbursement of Expenses | 0.57 | (0.63) | - | - |
| FSN Global FZE | Recovery of Expenses | (40.56) | (56.42) | (26.87) | (24.07) |
| | Loan Given ( Net) | 7.43 | 38.86 | 12.79 | 31.43 |
| | Interest income | (2.55) | 0.23 | (1.72) | - |
| | Investment in subsidiary | - | 7.15 | - | 7.15 |
| Nykaa International UK Limited | Loan Given (Net) | 8.91 | 45.22 | 14.61 | 36.31 |
| | Interest income | (3.05) | 7.09 | (1.96) | 2.66 |
| | Investment in subsidiary | 6.48 | 21.23 | - | 14.75 |
| Dot & Key Wellness Limited (formerly known as Dot & Key Wellness Private Limited) | Purchases | 2.25 | 0.05 | 0.20 | - |
| Nessa International Holdings Limited | Investment | 160.15 | 291.48 | 130.87 | 131.33 |
| Nyssa Beauty LLC | Reimbursement of Expenses | (30.61) | 30.61 | - | - |
| Nykaa Foundation | Investment# | - | 0.00* | - | - |
| **Key Management Personnel (KMP)** | | | | | |
| Mr. Seshashayee Sridhara | Sitting Fees | 0.03 | - | 0.13 | - |

# Numbers are below one million under the rounding off convention adopted by the company.
*Figures in brackets indicates payables and income*

**Terms and conditions of transactions with related parties**

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

* The Company do not have any other transaction with key managerial person than that is disclosed above.

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**Note 34**
**Fair value measurement hierarchy**

The carrying values of the financial assets and liabilities measured at amortised cost are reasonable approximation of their fair values.

| Particulars | Carrying value as of | |
|---|---|---|
| | March 31, 2025 | March 31, 2024 |
| **Financial Assets:** | | |
| **Amortised cost** | | |
| Investments | 319.86 | 153.23 |
| Loans | 84.08 | 67.74 |
| Trade receivables | 58.38 | 21.60 |
| Cash and cash equivalents | 17.81 | 34.81 |
| Other financial assets | 0.61 | 0.43 |
| | **480.74** | **277.81** |
| **Financial Liabilities:** | | |
| **Amortised cost** | | |
| Borrowings | 106.90 | 79.74 |
| Trade payables | 59.21 | 28.26 |
| Other financial liabilities | 41.04 | 13.72 |
| | **207.15** | **121.72** |

**Note 35**
**Commitments and contingent liabilities**

**A) Commitments**
The Company does not have any contract remaining to be executed on capital account and not provided for (net of advances).

**B) Contingent liabilities**
The company does not have any contingent liabilities.

**Note 36**
**Segment information**

The Company is engaged in the business of selling beauty, wellness, fitness, personal care, health care, skin care, hair care and other related products on/through offline channels. The Company's business activity falls within a single primary business segment, i.e. Others. Accordingly, disclosures as required under IND AS 108, Operating Segments, have not been separately presented in the financial statements since the information is available directly from the Statement of Profit and Loss.
The Company has identified Board of Directors as Chief Operating Decision Maker ('CODM') who reviews and allocates resources.
The information based on geographical areas in relation to revenue and non-current assets are as follows:

**(a) Revenue from operations**

**Revenue from geographical market**

| Geography | For the year ended March 31, 2025 | For the year ended March 31, 2024 |
|---|---|---|
| Within India | 3.56 | 0.03 |
| Outside India | 71.44 | 57.35 |
| | **75.00** | **57.38** |

**(b) Non-current operating assets**
Non-current operating assets of ₹ Nil are located outside India. All other non-current operating assets are located in India.

(c) The company has revenue from transactions with two external customers amounting to 10 percent or more of the total revenue.

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**Note 37**
**Capital Management**

The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to its shareholders.

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. The Company considers the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.
No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2025

The net gearing ratio at the end of the reporting period was as follows :

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Gross debt | 106.90 | 79.74 |
| Less: Cash and cash equivalents | (17.81) | (34.81) |
| **Net debt (A)** | **89.09** | **44.93** |
| Equity | 385.79 | 201.17 |
| **Total Equity (B)** | **385.79** | **201.17** |
| **Net gearing ratio (A)/(B)** | **0.23** | **0.22** |

**Note 38**
**Financial risk management objectives and policies:**
The Company's principal financial liabilities comprise borrowings from Its holding company, trade and other payables. The main purpose of these financial liabilities is to finance and support the Company's operations. The Company's principal financial assets comprise cash and bank balance, trade and other receivables that derive directly from its operations

The Company is exposed to various financial risks such as market risk, credit risk and liquidity risk. The Company's senior management team oversees the management of these risks. The Board of Directors review and agree policies for managing each of these risks, which are summarised below:

**Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly comprises currency risk, product price risk and interest risk.

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2025 and March 31, 2024.

**a) Interest rate risk**

The Company is exposed to interest rate risk primarily due to borrowings having floating interest rates. The Company uses available working capital limits for availing short-term working capital demand loans with interest rates negotiated from time to time so that the Company has an effective mix of fixed and variable rate borrowings. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

| Particulars | Increase / decrease in basis points | Effect on profit before tax |
|---|---|---|
| March 31, 2025 | +50 | (0.53) |
| | -50 | 0.53 |
| March 31, 2024 | +50 | (0.31) |
| | -50 | 0.31 |

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**b) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities denominated in foreign currency and thus the risk of changes in foreign exchange rates relates primarily to trade payables and advances paid to vendors. The Company's foreign currency risks are identified, measured and managed at periodic intervals in accordance with the Company's policies. When a derivative is entered into for the purpose of hedging any foreign currency exposure, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure.

Particulars of unhedged foreign currency exposure as at the reporting date (in respective currency):

| Particulars | Currency | As at March 31, 2025 | | As at March 31, 2024 | |
|---|---|---|---|---|---|
| | | Foreign Currency | ₹ | Foreign Currency | ₹ |
| **Recievables:** | | | | | |
| Trade Recievables | USD | 0.37 | 30.40 | - | - |
| | AED | 0.03 | 0.58 | - | - |
| **Payables:** | | | | | |
| Trade payables | USD | - | - | 0.02 | 1.69 |
| | GBP | - | - | 0.03 | 2.97 |

**c) Product price risk**

In a potentially inflationary economy, the Company expects periodical price increases across its product lines. Product price increases which are not in line with the levels of customers' discretionary spends, may affect the business/ sales volumes. In such a scenario, the risk is managed by offering judicious product discounts to customers to sustain volumes. The Company negotiates with its vendors for purchase price rebates such that the rebates substantially absorb the product discounts offered to the customers. This helps the Company to protect itself from significant product margin losses. This mechanism also works in case of a downturn in the retail sector, although overall volumes would get affected.

**Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables).

**a) Trade receivables**

The Company has adopted a policy of dealing with only credit worthy counterparties in case of institutional customers and the credit risk exposure for institutional customers is managed by the Company by credit worthiness checks. The Company's experience of delinquencies and customer disputes have been minimal. Also the Company have a simplified approach to determine impairment loss allowance on the portfolio of trade receivables. This is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. Accordingly, the credit risk is cover by the company. (Refer accounting policy 2(B) for expected credit loss on trade receivable).
Trade receivables are non- interest bearing and are generally on payment terms of 0-90 days.

**Movement in allowances for expected credit loss:**

| Particulars | As at March 31, 2025 | As at March 31, 2024 |
|---|---|---|
| Opening balance | 19.44 | 0.06 |
| Provision made during the year | (9.60) | 19.38 |
| Provision written off during the year | - | - |
| **Closing balance** | **9.84** | **19.44** |

**b) Other financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

**Liquidity risk**

Liquidity risk is a risk that the Company may not be able to meet its financial obligations on a timely basis through its cash and cash equivalents, and funds available by way of committed credit facilities from banks. Management manages the liquidity risk by monitoring rolling cash flow forecasts and maturity profiles of financial assets and liabilities. This monitoring includes financial ratios and takes into account the accessibility of cash and cash equivalents and additional undrawn financing facilities.

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The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

| Particulars | Carrying value | Less than 1 year | 1 to 5 years | > 5 years | Total |
|---|---|---|---|---|---|
| **As at March 31, 2025** | | | | | |
| Borrowings | 106.90 | 106.90 | - | - | 106.90 |
| Trade payables | 59.21 | 59.21 | - | - | 59.21 |
| Other financial liabilities | 41.04 | 41.04 | - | - | 41.04 |
| **Total** | **207.15** | **207.15** | **-** | **-** | **207.15** |
| **As at March 31, 2024** | | | | | |
| Borrowings | 79.74 | 62.83 | 16.91 | - | 79.74 |
| Trade payables | 28.26 | 28.26 | - | - | 28.26 |
| Other financial liabilities | 13.72 | 13.72 | - | - | 13.72 |
| **Total** | **121.72** | **104.81** | **16.91** | **-** | **121.72** |

**Note 39**
**Other Statutory Information**

a) The Company does not have any transactions with companies struck off.

b) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

c) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

d) The Company did not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

e) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

f) Other than the details mentioned below, no funds have been received by the Company from any person(s) or entity(is), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Details of date and amount of fund received by the Company during the year ending March 31, 2025 is as follows:

| Name of Company | Address of the Company | Relationship with the Company | Date of Investment | Amount of Investment |
|---|---|---|---|---|
| FSN E-commerce Ventures Limited | 104,Vasan Udyog Bhavan,Sun Mill Compound Tulsi Pipe Road, Lower Parel (West), MUMBAI, Maharashtra, India, 400013 | Holding Company | May 31, 2024 | 160.15 |

Details of date and amount of fund further invested in intermediary during the year ending March 31, 2025 is as follows:

| Name of Intermediary | Address of the Intermediary | Relationship with the Intermediary | Date of Investment | Amount of Investment |
|---|---|---|---|---|
| Nessa International Holdings Limited | Office DD-14-124-027, Floor 14, Al Khatem Tower, Abu Dhabi Global Market Square,Abu Dhabi, United Arab Emirates | Subsidiary | June 21, 2024 | 160.15 |

Details of date and amount of fund further invested by intermediary to ultimate beneficiary during the year ending March 31, 2025 is as follows:

| Name of the Ultimate benefeciary | Address of the Intermediary | Relationship with the Intermediary | Date of Investment | Amount of Investment |
|---|---|---|---|---|
| Nysaa Beauty LLC | Unit B030, City Center - 1st floor Sheikh Mohammed Bin Zayed Rd - Mirdif – Dubai | Subsidiary | June 27, 2024 | 141.00 |
| | | | November 28, 2024 | 19.15 |

The provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and the Companies Act has been complied with for such transactions and the transactions are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003).

g) The Company is not declared wilful defaulter by any Bank, financial institution or other lender.

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FSN INTERNATIONAL LIMITED

**FSN International Limited (Formerly known as FSN International Private Limited)**
**Notes to the financial statements as at and for the year ended March 31, 2025**
(Amounts in ₹ millions, unless stated otherwise)

**Note 40**
**Ratios**

| SN. | Ratio | Numerator | Denominator | March 31, 2025 | March 31, 2024 | % change | Reasons for more than 25% |
|---|---|---|---|---|---|---|---|
| 1 | Current ratio | Current assets | Current liabilities | 1.10 | 1.38 | -20% | |
| 2 | Debt equity ratio | Total debt | Shareholder's equity | 0.28 | 0.40 | -31% | Decrease is on account of increase in shareholder's equity. |
| 3 | Debt service coverage ratio | Earnings for debt service = Net profit after taxes + Non-cash operating expenses+ finance cost | Debt service = Interest & Lease Payments + Principal Repayments | (5.49) | (0.69) | 695% | Increase is on account of increase in losses considered for debt servicing during the year. |
| 4 | Return on equity ratio | Net Profits/(loss) after taxes | Average Shareholder's Equity | -5% | -25% | 20% | |
| 5 | Inventory turnover ratio | Cost of goods sold (COGS) | Average Inventory | 4.04 | 5.93 | -32% | Decrease is on account of increase in average inventory during year. |
| 6 | Trade receivable turnover ratio | Net credit sales = Gross credit sales - sales return | Average Trade Receivable | 1.88 | 2.17 | -13% | |
| 7 | Trade payable turnover ratio | Net credit purchases = Gross credit purchases - purchase return | Average Trade Payables | 0.50 | 0.66 | -24% | |
| 8 | Net capital turnover ratio | Net sales = Total sales - sales return | Working capital = Current assets - Current liabilities | 3.57 | 1.43 | 149% | Increase is on account of increase in sales and decrease in working capital during the year. |
| 9 | Net profit ratio | Net Profit/(Loss) | Net sales = Total sales - sales return | -20% | -49% | 29% | Increase is on account of increase in revenue during the year. |
| 10 | Return on capital employed | Earnings before interest and taxes (EBIT) | Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability | -3% | -13% | 9% | |

**Note 41**
During the year ended March 31, 2025, the Company reassessed recognition of deferred tax assets on carry forward losses. The Company recognised net deferred tax assets in respect of carry forward losses of ₹ 21.83 Mn as at March 31, 2025 (March 31, 2024: ₹ 16.81 Mn). In assessing the realisability of its deferred tax assets, the management has considered business projection for foreseeable future period and believes that such projections are reliable and represent convincing evidence which provides reasonable certainty that sufficient taxable profit will be available against which the carry forward losses and unabsorbed depreciation can be utilised.

**Note 42**
**Audit Trail**

The Company has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software, except that audit trail feature is not enabled at the database level and master fields as it relates to accounting software.

The Company also uses a third-party operated software for processing payroll. Management has obtained the report of Service Organisation Controls (SOC) auditors engaged by such third party for the period April 01, 2024 to December 31, 2024 which mention that the audit trail feature of the said software was enabled and operated throughout the year for all relevant transactions recorded in the software or whether there were any instances of the audit trail feature being tampered with.

Additionally, the audit trail of prior year has been preserved by the Company as per the statutory requirements for record retention to the extent it was enabled and recorded in the respective years.

**Note 43**
Previous year figures have been regrouped and reclassed wherever required to confirm the same with current year figures.

As per our report of even date
**For V C Shah & Co**
Chartered Accountants
ICAI Firm Registration No: 109818W

V C SHAH & CO * CHARTERED ACCOUNTANTS *

**Anish N. Shah**
Partner
Membership No: 042649

Place: Mumbai
Date: May 09, 2025

**For and on behalf of Board of Directors of**
**FSN International Limited**

**P Ganesh**
Director
DIN No. 07202923

**Sujeet Jain**
Director
DIN No. 03440936

**Arun Sharma**
Company Secretary
ACS M.No. A39328

**Tanuj Dhingra**
Chief Financial Officer

Place: Mumbai
Date: May 09, 2025

Place: Mumbai
Date: May 09, 2025

FSN INTERNATIONAL LIMITED